GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1251
ANSWERED ON:07.03.2008
ALTERNATE CHANNEL SYSTEM IN LIC
Yaskhi Shri Madhu Goud

Will the Minister of FINANCE be pleased to state:

(a) the total cost with and without commission for maintaining the alternate channel system in Life Insurance Corporation of India (LIC) such as corporate agents, bank assurance, broker during each of the last three years;

(b) the premium collection from these alternate channels during each of the last three years;

(c) whether any financial services executive has been appointed to help these corporate agents, bank assurance and brokers;

(d) if so, the details thereof alongwith the terms and conditions of financial service executive;

(e) whether the Development Officers of LIC of India have opposed and not allowed to recruit corporate agents, bank assurance and brokers; and

(f) if so, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PA WAN KUMAR BANSAL)

(a): The Life Insurance Corporation of India (LIC) has reported that it does not maintain channel wise details of costing for other management expenses. Its commission cost of maintaining the alternate channel system during the last three years was as under :-

Financial Year	Commission (Rs.in lacs)
2004-05	65.40
2005-06	1115.41
2006-07	1563.37

(b): The first premium mobilized by LIC through its alternate channel system during the last three years was as under:-

Financial Year	First Premium Income (Rs.in Crores)
2004-05	194.40
2005-06	353.07
2006-07	662.85

(c): LIC has informed that it recruits Financial Services Executives on contractual basis to help its partner banks in driving life insurance product sales.

(d): The LIC, (Financial Services Executives) Scheme, 2007 lays down that for being eligible for appointment of Financial Services Executives, one should hold a Bachelor`s Degree from a recognized University and should be aged between 21 and 35 years. For selection as Financial Services Executive, a candidate has; to qualify written test and interview. On successful completion of training, Financial Services Executive is appointed purely on contractual basis, initially for a perioj of three years. The contract can be extended for another term of one year subject to performance and suitability.

(e) & (I): The LIC has reported that during the course of discussions, the representatives of Development Officers have expressed their reservations on the issue of alternate channels. The appointment of Corporate agents is being done by LIC as per Insurance Regulatory Development Authority (IRDA) Regulations. Brokers are directly licensed by IRDA.